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60/42

ACTION EB-07

INFO OCT-01 AF-06 ARA-06 EUR-12 EA-06 NEA-10 IO-10 ISO-00

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PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00

USIA-06 PRS-01 SP-02 OMB-01 /133 W

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R 171730Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 305

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

AMEMBASSY DUDAPEST

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY ISLAMABAD

AMEMBASSY KINSHASHA

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AMEMBASSY KUALA LUMPUR

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AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

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AMEMBASSY TOKYO

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PASS STR, CODEL

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C O R R E C T E D C O P Y FOR EO TAGS AND SUBJ

E.O. 11652: N/A
TAGS: ETRD GATT
SUBJ: MTN: TNC MEETING AND CONCLUSIONS

1. SUMMARY: AT CONCLUDING SESSION OF TRADE NEGOTIATIONS COMMITTEE (TNC) JULY 16, DIRECTOR GENERAL LONG IN HIS ORAL SUMMING-UP NOTED THAT TNC AGREED THAT "CONCRETE PROGRESS SHOULD BE MADE IN THE GROUPS AND SUBGROUPS IN THE MONTHS AHEAD ON ISSUES THAT CAN ELAD TO BALANCED AND GLOBAL PROGRESS...IT WAS RECOGNIZED THAT ANY SUCH CONCRETE RESULTS OVER THE NEXT FEW MONTHS COULD TAKE A NUMBER OF DIFFERENT FORMS". THUS SETTING STAGE FOR ACCELERATED WORK IN COMING MONTHS BEFORE NEXT TNC MEETING DECEMBER 9 TO IDENTIFY AREAS WHERE CONCRETE PROGRESS CAN BE ACHIEVED. LDC THREAT OF CONFRONTATION EVAPORATED BECAUSE OF POSITIVE APPROACH OF DCS TO ISSUES OF CONCERN TO LDCS. END SUMMARY.

2. YUGOSLAVIA (TOMIA) EXPRESSED GENERAL SATISFACTION WITH THE PACE OF NEGOTIATIONS BUT WAS DISAPPOINTED THAT THERE WAS VERY LITTLE FOR THE LDCS THUS FAR, AND NO PROGRESS HAD BEEN MADE IN AGRICULTURE. IT HOPED GENERAL TARIFF REDUCTION FORMULA COULD BE AGREED AT NEXT MEETING OF TARIFFS GROUP INCLUDING WAYS TO MAINTIAN AND IMPROVE GSP AND COMPENSATE FOR GSP EROSION. IT NOTED THAT SECTORAL NEGOTIATIONS FAVOR LDC INTERESTS AND SUGGESTED THAT IN CONTEXT OF RAMEWORK DISCUSSIONS

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PART IV OF GATT SHOULD BE IMPROVED. IT ALSO NOTED GOOD PROGRESS FOR SAFEGUARDS GROUP AND HOPED FOR EARLY CONCLUSION OF TROPICAL PRODUCTS NEGOTIATIONS.

3. INDIA (K.B. LALL) COULD NOT UNDERSTAND WHY A CONSENSUS COULD NOT BE REACHED ON IMPLEMENTING PROVISIONS OF TOKY DECLARATIN REGARDING LDCS, SPECIFICALLY THOSE RELATING TO ADDITIONAL BENEFITS,

DIFFERENTIAL TREATMENT AND RECTIFYING INBALANCE BETWEEN DCS AND LDCS IN SHARE OF WORLD TRADE. IT BELIEVED THAT EVERY DECISION AND EVERY PROCEDURE OF THE GROUPS SHOULD REFLECT TOKYO DECLARATION PRINCIPLES REGARDING LDCS. ON TROPICAL PRODUCTS, IT PROPOSED END OF 1975 AS TARGET DATE FOR CONCLUSION OF THOSE NEGOTIATIONS AND SUGGESTED THAT ONCE DC OFFERS ARE RECEIVED THE SECRETARIAT SHOULD CONSOLIDATE THEM IN ONE DOCUMENT AND THROUGH "MUTUALLY-REINFORCING PRESSURE" THAT TARGET DATE COULD BE REACHED. IT SAID IT COULD SEE NO REFLECTION OF TOKYO DECLARATION LDC PRINCIPLES IN WORK ON TARIFFS SO FAR, PARTICULARLY REGARDING PROBLEM OF EROSION OF GSP BENEFITS. IT SUGGESTED TARIFFS GROUP IDENTIFY EROSION LOSSES AND EXPLORE WAYS TO COMPENSATE FOR SUCH LOSSES AND THAT TARIFF FORMULA ITSELF SHOULD NOT ONLY INCREASE TRADE AMONG LDCS BUT PROVIDE ADDITIONAL BENEFITS FOR LDCS. IT PROPOSED THAT TARIFFS SUBGROUP BE ESTABLISHED TO CONSIDER WHAT IMPROVEMENTS IN GSP CAN BE MADE AND HOW INCREASED SECURITY OF GSP BENEFITS CAN BE ASSURED. IT NOTED IT WAS NOT NECESSARILY SEEKING GSP BINDINGS BUT WANTED TO ESTABLISH TARGETS AND DEFINE EXPECTATIONS. IT STATED THAT CURRENT WORK ON SUBSIDIES/COUNTERVAILING DUTIES AND SAFEGUARDS SUGGESTED HEAVIER BURDEN ON WEAKER COUNTRIES RATHER THAN ADDITIONAL BENEFITS, AND QUESTIONED WHETHER ACCESS TO SUPPLIES AND FRAMEWORK ISSUES WERE WITHIN TOKYO DECLARATION MANDATE.

4. SEVERAL OTHER LDCS ALSO SPOKE. URUGUAY MADE LENGTHY, RAMBLING STATEMENT ON IMPORTANCE OF DEALING FAIRLY WITH LDCS. SRI LANKA STRESSED IMPORTANCE TO IT OF TROPICAL PRODUCTS NEGOTIATIONS AND ALSO EXPRESSED INTEREST IN IMPROVEMENT OF FRAMEWORK. JAMAICA SAID SOLELY THAT ITS GREATEST CONTRIBUTION TO THE DEBATE LIMITED OFFICIAL USE

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WOULD BE TO MAKE NO STATEMENT. ISRAEL STRESSED IMPORTANCE TO IT OF WAYS TO DEAL WITH PROBLEMS OF EXPORT RESTRICTIONS.

5. HUNGARY(NYERGES) SUPPORTED CONCEPT OF SEEKING INTERIM CONCRETE RESULTS ESPECIALLY IN AREAS OF TROPICAL PRODUCTS, ILLEGAL NTMS AND EXAMINATION OF VARIABLE LEVIES. POLAND EMPHASIZED IMPORTANCE TO IT OF AGRICULTURE AND NOTED THAT RESULTS OR LACK OF RESULTS IN THAT AREA INFLUENCE ITS ATTITUDE IN OTHER FIELDS. IT ALSO HOPED FOR MORE CLARIFICATION IN SAFEGUARDS GROUP, NOTING THAT GENERAL APPLICATION (READ NONDISCRIMINATION) OF SAFEGUARDS COULD HELP WORK IN OTHER GROUPS.

6. AT CONCLUSIN OF GENERAL DISCUSSION, AUSTRALIA (WARWICK-SMITH), NOTING IMPASSE IN AGRICULTURE GROUP EARLIER IN WEEK ON ISSUE OF QRS, SAID IT HAD RECEIVED A NUMBER OF RESPONSES FROM OTHER DELS TO ITS REQUESTS FOR BILATERAL AND PLURILATERAL CONSULTATIONS WITH THEM ON QRS. SOME OF THESE RESPONSES MADE IT CLEAR THT THOSE DELEGATIONS ARE NOT PREPARED TO CONSULT ON AGRICULTURAL QRS UNTIL AGRICULTURE GROUP AGREED ON HOW THEY SHOULD BE HANDLED. THIS WOULD PLACE AUSTRALIA IN POSTURE OF CONSULTING ON ITS QRS (INDUSTRIAL) WHILE THOSE REQUESTING SUCH CONSULTATIONS REFUSE TO DISCUSS THEIR QRS (AGRICULTURAL) WITH AUSTRALIA. IT SUGGESTED THAT TNC AGREE THAT BILATERAL AND PLURILATERAL CONSULTATIONS BE HELD ON ALL RQS, LEAVING ASIDE PROCEDURAL ISSUES. AUSTRALIA DID NOT ACCEPT DIRECTOR GENERAL LONG'S EFFORT TO TURN ASIDE THIS LAST MINUTE PROPOSAL. TNC FINALLY AGREED TO AUSTRALIAN PROPOSAL TO RESCHEDULE NEXT AGRICULTURE GROUP MEETING TO EARLIER DATE, SEPT 22. (EC SUGGESTION THAT TNC NOT COMPENTENT TO SET DATES FOR AGRICULTURE GROUP WAS IGNORED BY LONG.)

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FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 USIA-06

PRS-01 SP-02 OMB-01 OIC-02 /133 W

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R 171730Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 306

INFO AMEMBASSY BELGRADE

AMEMBASSY BONN

AMEMBASSY BERN

AMEMBASSY BRASILIA

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RUEHBAXAMEMBASSY CANBERRA 1083
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7. IN ORAL SUMMING-UP (SEPTTEL), LONG SAID TNC HAD NOTED REPORTS OF GROUP CHAIRMAN AND SAID VIEW WAS GENERALLY EXPRESSED THAT EVERY EFFORT SHOULD BE MADE TO ACCELERATE WORK AND REDOUBLE EFFORTS TO SEE THAT NEGOTIATIONS PROGRESS. SOME DELEGATIONS NOTED THAT BECAUSE OF SCOPE AND COMPLEXITY OF NEGOTIATIONS, THEY CONSIDERED SATISFACTORY PROGRESS HAD BEEN ACHIEVED. A NUMBER OF LDC DELEGATIONS HAD EXPRESSED DISAPPOINTMENT AT THE LIMITED PROGRESS ESPECIALLY IN AREAS OF INTEREST TO THEM SUCH AS SPECIAL PRECEDURES FOR NEGOTIATIONS, DIFFERENTIAL TREATMENT, IDENTIFICATION OF AREAS WHERE SPECIAL AND MORE FAVORABLE TREATMENT IS FEASIBLE AND APPROPRIATE, AND MAINTENANCE AND IMPROVEMENT OF GSP. THOSE DELEGATIONS FELT SOMETHING MUST BE DONE IN THE FORTHCOMING PERIOD. ON THE OTHER HAND, EVERYONE SEEMS TO AGREE THAT, WHILE A FEELING OF DISAPPOINTMENT WAS EXPRESSED, WORK MUST BE PRESSED FORWARD IN THE MONTHS AHEAD. HE COULD DETECT VIEW OF TNC THAT CONCRETE PROGRESS SHOULD BE MADE ON ISSUES WHICH MAY LEAD TO

GLOBALY-BALANCED PROGRESS HAVING REGARD TO TOKYO DECLARATION PRINCIPLES CONCERNING LDC TRADE. IN THIS CONTEXT, CONCRETE PROGRESS MAY TAKE DIFFERENT FORMS. MANY DELEGATIONS EXPECT FULL ACCOUNT TO BE TAKEN OF SPECIAL PROCEDURES FOR DC-LDC NEGOTIATIONS AND IDENTIFICATION OF DIFFERENTIAL MEASURES IN FAVOR OF LDCS. A NUMBER OF DELEGATIONS STRESSED THE NEED TO ARRIVE AT CONCRETE RESULTS IN TROPICAL PRODUCTS AND THESE DELEGATIONS ASKED THAT ALL EFFORTS BE MADE SO THAT BY THE END OF THE YEAR CONCRETE RESULTS WILL EMERGE IN THIS AREA. A NUMBER OF DELEGATIONS FELT IT WAS BOTH FEASIBLE AND DESIRABLE TO ARRIVE AT AGREEMENT WITHIN THE NEXT FEW MONTHS ON A GENERAL FORMULA FOR THE REDUCTION OF TARIFFS. A NUMBER OF LDCS FELT LIMITED OFFICIAL USE

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THE FORMULA SHOULD OFFER THE POSSIBILITY OF OBTAINING ADDITIONAL BENEFITS FOR LDCS AND ALLUDED TO TOKYO DECLARATION PRINCIPLES ABOUT MAINTAINING AND IMPROVING GSP. THE NEED WAS EMPHASIZED TO MAKE PROGRESS IN NTM, SECTORS AND SAFEGUARD GROUPS WITH A VIEW TO SECURING BALANCED AND GLOBAL PROGRESS IN THE NEGOTIATIONS. REGARDING AGRICULTURE, HE FELT GRAINS, DAIRY AND MEAT SUBGROUPS ARE PROGRESSING AS SATISFACTORILY AS CAN REASONABLY BE EXPECTED AND ALL AGREE ON NEED TO PURSUE WORK UNDERTAKEN IN THESE FIELDS. A NUMBER OF DELEGATIONS EMPHASIZED THE NEED TO OVERCOME EXISTING DIFFICULTIES ON PROCEDURES IN SUCH A WAY THAT NEGOTIATIONS ON AGRICULTURE PRODUCTS NOT INCLUDED IN THREE SUBGROUPS CAN START. ON SUPPLY ACCESS, SOME DELEGATIONS CALLED ATTENTION TO IMPORTANCE THEY ATTACH TO THESE ISSUES, OTHER DELEGATIONS ARE WILLING TO CONSIDER ISSUE IN ESTABLISHED GROUPS WHILE OTHERS SAID THEY NEEDED ADDITIONAL EXPLANATION AS TO TRUE NATURE OF PROBLEMS WHICH HAD TO BE EXAMINED. ON THIS POINT A GREAT DEAL OF EXPLANATION AND EXPLORATION WORK NEEDS TO BE DONE. FINALLY, HE HEARD FREQUENT MENTION OF TOKYO DECLARATION PARA 9 PRINCIPLES OF NEED TO IMPROVE THE INTERNATIONAL FRAMEWORK FOR THE CONDUCT OF WORLD TRADE AND IT WAS NOTED THAT THE WORK OF SOME GROUPS COULD DEAL WITH CERTAIN ASPECTS OF THAT QUESTION, BUT THAT WORK ON OTHER ASPECTS NEEDS TO BE UNDERTAKEN IN THE LIGHT OF PROGRESS IN THE NEGOTIATIONS. HAVING CONCLUDED THIS SUMMING-UP, LONG NOTED THAT A NUMBER OF POINTS NEED TO BE RAISED IN THE COMING MONTHS, ESPECIALLY CONCERNING LDCS AND WISHED FOR MORE INTENSIVE AND EXTENSIVE WORK. HE NOTED TNC WAS A STANDING COMMITTEE AND COULD BE CONVENED ON SHORT NOTICE.

8. TNC AGREED TO HOLD NEXT MEETING BEGINNING DEC 9.

9. COMMENT. WHILE LONG'S SUMMING-UP IS CAUTIOUSLY STATED AND INCORPORATES BOTH POINTS OF CONVERGENCE AND POINTS OF DIVERGENCE AMONG DELEGATIONS, U.S. ATTAINED ITS OBJECTIVE OF TNC DECISION TO MAKE EFFORTS TO IDENTIFY AREAS WHERE CONCRETE PROGRESS CAN BE ACHIEVED.
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IT IS CLEAR THAT U.S. PROVIDED POSITIVE INFLUENCE BEFORE AND DURING TNC, LEADING MAJOR DELEGATIONS TO AGREE ON THIS RESULTS-ORIENTED PROGRAM FOR COMING MONTHS. THIS IS ESPECIALLY TRUE CONCERNING DESIRES OF LDCS WHO, DESPITE THREATS BY SOME OF THEM BEFORE THE MEETING TO TURN IT INTO A DC-LDC CONFRONTATION AND DESPITE COMPLAINTS AT LACK OF PROGRESS OF THE MTN IN DEALING WITH ISSUES OF INTEREST TO THEM, ACCEPTED CHAIRMAN'S SUMMING-UP WITHOUT OBJECTIONS. POSITIVE NOTE WAS ALSO FREQUENTLY STATED BY MANY DELEGATIONS WHO, NOTING THAT THIS NEGOTIATIONS IS FAR MORE COMPLEX AND INCLUDES MUCH LARGER NUMBER OF PARTICIPANTS THAN IN KENNEDY ROUND, STATED THAT IN FIVE MONTHS OF SERIOUS NEGOTIATIONS MUCH HAS BEEN ACCOMPLISHED. DESPITE CURRENT WORLDWIDE RECESSION, NO DELEGATIONS PUBLICLY OR PRIVATELY SUGGESTED THAT NEGOTIATIONS SHOULD BE SLOWED DOWN. INSTEAD, VIRTUALLY ALL CALLED FOR PROMPT PROGRESS AND SERIOUS COMMITMENT TO REMOVAL OF OBSTACLES TO TRADE. NEGOTIATIONS NOW POISED TO ENTER SUBSTANTIVE PHASE FOLLOWING SUMMER RECESS. AT THIS POINT GENERALITIES WILL BEGIN TO GIVE WAY TO SPECIFICS. TNC PROVIDED BRIDGE TO NEXT PHASE WHICH WILL FACE DIFFICULT SUBSTANTIVE ISSUES.
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